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White House to Put Limits on Army's Secret Spy Unit

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WASHINGTON—The White House, moving to close a gap in control over U.S. intelligence activities, is about to impose operating guidelines on a secret, 2-year-old Army intelligence-gathering unit that the Army's inspector general says was monitored "insufficiently closely" for the first year of its life.

Called Intelligence Support Activity, the Army unit has conducted operations in places such as Nicaragua and El Salvador, Africa and Southeast Asia. It has worked for almost a year without a legally required presidential finding that such an organization is necessary to national security.

The intelligence unit's operations, coupled with questions about whether the Federal Emergency Management Agency has been collecting intelligence on Americans, have raised doubts about how closely the nation's various intelligence-gathering organizations are being supervised.

In particular, the intelligence unit affair is raising questions about whether Director of Central Intelligence William J. Casey has been minding the store closely enough over the last two years.

The little-known federal management agency, which is responsible for conducting the government's civil security program against terrorism, sabotage and other civil disorders, is not officially part of the U.S. intelligence community and thus is not under Casey's jurisdiction, but Sen. Walter D. Huddleston (D-Ky.) has questioned whether it may have engaged in domestic spying.

Louis O. Giuffrida, who heads that agency, flatly denied that it has ever conducted such illegal operations. Huddleston refused to discuss

the matter, but it is understood that he intends to pursue it further.

These issues have emerged against the background of widespread concerns in Congress that the Central Intelligence Agency's covert operations in support of Nicaraguan insurgents are skirting the law and that the Reagan Administration is blurring the line separating the CIA and the FBI on counterintelligence activities in the United States.

Casey, through a spokesman, refused to answer questions about the Army's Intelligence Support Activity unit, including one about whether he was aware of the unit's creation from the start.

Administration officials said that Casey directed the Army agency to undertake at least two of the 10 covert missions the unit has undertaken to date. But it remains unclear when he was personally told about the formation of "the Activity," as the unit is known to some of those who have been associated with it.

As pieced together from discussions with various U.S.

government officials, the Intelligence Support Activity was created in the wake of the abortive Iranian hostage rescue attempt in April, 1980. Military officers, particularly in the Army, considered the CIA's support efforts to have been inadequate.

Some CIA agents in Iran at the time were Iranian exiles sent back to gather intelligence. One complaint by military officers was that one of those agents could not drive a jeep into Tehran to check out the occupied U.S. Embassy and nearby helicopter landing areas.

But more generally, one official said, "the agency (CIA) people were preoccupied with keeping their cover and could not provide equipment or information for the (rescue) operation. They had enough to do covering their skins. The military decided that they needed their own outfit to collect intelligence on areas where they are asked to fight."

Little tangible was done in 1980, however. Although several published reports maintain that the unit was started in 1980, former Director of Central Intelligence Stansfield Turner said last week that the agency "did

not exist, as far as I knew, during my tenure." Turner headed central intelligence until January, 1981.

Another former intelligence official from the Jimmy Carter Administration said, "This kind of unit had been discussed at the Pentagon for a long time, but no

decision was made on it until the Reagan Administration took over."

Richard G. Stilwell, a retired four-star Army general, apparently picked up the issue in 1981 when he became

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